28 September 2017

Africa Opportunity Fund Limited

("AOF" or the "Company")

Half Yearly Report for the Six Months ended 30 June 2017

The Board of Directors of Africa Opportunity Fund Limited is pleased to announce its unaudited results for the 6 month period to 30 June 2017. The full half yearly report for the period ended 30 June 2017 will be sent to shareholders and will be available soon on the Company's website: www.africaopportunityfund.com.

Highlights:

- AOF's ordinary share net asset value per share of US$0.830 as at 30 June 2017 increased by 4.8% from the 31 December 2016 net asset value per share of US$0.791 (after accounting for the Shoprite provision). AOF's C share net asset value per share of US$0.854 increased by 8.65% from the 31 December 2016 net asset value per share of US$0.786.
- As at 30 June 2017, AOF's investment allocation for its Ordinary Shares was 85% equities, 16% debt and -1% unencumbered cash. AOF's investment allocation for its C Shares was 70% equities, 20% debt and 10% unencumbered cash.
- AOF's Ordinary Shares net asset value per share as at 31 August 2017 was US$0.955.
- AOF's Ordinary Shares did not pay an annual dividend for 2016.

Manager's Commentary

Market Conditions

The Africa Opportunity Fund ("AOF") ordinary share NAV rose 4.8% in H1 (after accounting for the Shoprite provision). In the same period, the share price rose 2% from $0.625 to $0.634. As a reference, during H1 in USD the S&P rose 9%, Brazil rose 3%, Russia fell 11%, India rose 23%, and China rose 15%. In Africa, South Africa rose 9%, Egypt rose 12%, Kenya rose 18%, and Nigeria rose 28% (9%, when using the new NAFEX rate for foreign investors and exporters on June 30, 2017 and the official exchange rate on December 31, 2016). Three Africa-focused exchange traded funds – the Lyxor ETF (PAF FP), the DBX MSCI Africa Top 50 (XMAF LN), and Van Eck Africa Index (AFK US), rose, respectively, 5%, 7%, and 9%.

Merger of Ordinary and C shares

On 21 August the board of AOF merged the C shares into the ordinary shares to create a single ordinary share for the Fund. Upon this conversion, the company has one class of 74,849,606 ordinary shares. We hope this will improve liquidity, and, at the very least, we know this will simplify reporting. In this report we provide an update on Q2 performance through 30th June, but going forward AOF has only one single share class and will report on that single share class.

Ordinary Share Portfolio Highlights

The Fund made quiet progress in this period. Like other currencies, several African currencies appreciated against the Dollar. The Rand, Zambian Kwacha, CFA Franc, and the Moroccan Dirham were among those appreciating currencies. The April introduction of the NAFEX Naira rate, for foreign investors and exporters, constituted a 14% Naira devaluation against the Dollar, easily the most significant of the currency moves in H1. The NAFEX Naira rate, influenced by market forces, and the official Naira rate, immune to market forces, formed a Nigeria foreign exchange market reminiscent of South Africa's defunct commercial rand and financial rand regime. Consequently, investors are returning to Nigeria, using the NAFEX Naira rate, encouraging the strong performance of Nigerian markets. Large listed companies with high average daily turnovers –a rough guide would be $500,000- tended to be the initial beneficiaries of stabilising African currencies. Thus, the presence of several illiquid securities in the ordinary share portfolio led to AOF underperforming several Africa indices in local currency terms in this period. Changes made in the AOF portfolio during H1 included increasing its Anglogold Ashanti equity exposure, selling both its Anglogold and IamGold 6.75% 10/01/20 bonds, and increasing its Alexandria Containers and Kosmos Energy exposures. The ordinary share portfolio had 5% of its net asset value in gold mining equities, no exposure in gold mining debt, 3% in oil and gas equities, and 11% in oil and gas debt.

Copperbelt's shares enjoyed a superb H1, appreciating 83% to trade on a dividend yield of 8.8%, an impairment adjusted P/E ratio of 6x, and a 3.8x EV/Adjusted EBITDA. Its total return was 105%. Yet, it continues to remain deeply undervalued. An electric transmission business, earning a 10% US Dollar denominated return on capital, should have little difficulty in justifying a 6xEV/EBITDA ratio or a 5% dividend yield. After all, even African distribution companies, like Kenya Power, Umeme in Uganda, Lydec in Morocco, and Compagnie Ivoirienne d'Électricite in Cote d Ívoire, trade respectively on dividend yields between 5% and 3.5%. A 5% dividend yield implies an additional 75% appreciation in Copperbelt's share price. A key source of Copperbelt's profitability is its power trading activities, in which it purchases power from other members of the Southern Africa Power Pool for sale, and delivery, to customers in the Katanga province of the Democratic Republic of Congo. In essence, Copperbelt is buying from South Africa, plagued by excess capacity, to sell in Congo, suffering from an electricity drought. We continue to await an announcement about new higher tariffs for the Zambian mining industry. Copperbelt's gain contributed 2.3 cents per ordinary share in Q2 and 3.7 cents per share for H1.

The Zimbabwean property investments are operating in a deteriorating macro environment. Inflation has lifted its head in a country without its own tangible currency. At the moment, it seems innocuous, as the rate of 3% appears low in the wake of a recent episode of actual deflation. However, the Reserve Bank of Zimbabwe and the Zimbabwean government have been able
to increase the supply of deposits in the Zimbabwean banking system to fund the Zimbabwean government's wage bill and other forms of recurrent expenditure. 99% of Zimbabwe's tax revenue in 2016 was used to pay salaries and wages of government employees. In accordance with historical precedent, Zimbabwean blue chip companies like Delta Holdings and Econet have exploded in market capitalization as liquid stores of value in an atmosphere of inflation phobia. Seedco, one of the smaller but liquid investments of the ordinary shares, rose 52%. Mashonaland Holdings and Pearl Properties were less fortunate, as their securities are extremely illiquid. But, we know also that commercial buildings and land banks thrive in inflationary storms. With little to no debt, Mashonaland and Pearl should not contradict our expectations. Seedco's gain contributed 0.47 cents per ordinary share in Q2 and 0.41 cents per share in H1. Seedco in Zimbabwe was a beneficiary of the quest for liquidity in Zimbabwe.

Sonatel delivered a total return of 12% in H1, adding 1.8 cents to the NAV per ordinary share. It reported decent H1 2017 results. Year-on-year, revenues rose 6% (excluding the new Sierra Leonean joint venture); net profits rose 1%; but, EBITDA margin weakened to 48%. Its international traffic revenues, commanding high profit margins, continue to decline as customers switch to WhatsApp, Skype and other forms of data-based communication. Yet, the most striking feature of those results was the 88% and 75% increase in the respective contributions of mobile money transactions and mobile data usage to Sonatel's revenues in H1 2017. Climbing to $136 million in revenue, they rose from 11% of Sonatel's revenues in H1 2016 to 17% this year. Although currently of modest proportion, it is evident that they will become primary propellants of Sonatel's future. Safaricom has blazed the trail to be followed by Sonatel. Sonatel continues to be undervalued when measured against its peers.

Some commentary on Ghana, the largest country exposure of the ordinary shares, is warranted. Standard Chartered Ghana released respectable Q2 2017 results. It earned $17 million in Q2 and $36 million in H1, down slightly from $20 million and $39 million in the corresponding periods of 2016. Net interest yields, as a % of average assets, have begun to decline while Standard Chartered Bank's cost to income ratio jumped from 26% to 36%. The sharp rise in expenses was a disappointment. But, it has also commenced reversing some of its loan impairments, leading to a non-performing loan ratio of 42%. Standard Chartered's equity to assets ratio is 18%, capital adequacy ratio is 24%, with a loan-to-deposit ratio of 42%. These are sober metrics. All in all, a 7% annualized return on average assets and an annualized 40% return on average equity for H1 2017 signal emphatically that Standard Chartered is a strong and profitable Ghanaian bank. AOF's NAV enjoyed a gain of 0.4 cents per share from the 15% total return of SCB's ordinary shares in Q2 2017. Its H1 contribution to AOF's NAV was 0.9 cents per share.

Enterprise Group's share price had an insipid first half, declining by 4% in Dollars to deprive the ordinary shares of 0.7 cents per share. Its June 30 market capitalization of $72.3 million, the highest among the listed insurance companies on West African exchanges, was dramatically lower than the June 23 announced $130 million to be received by Sanlam Emerging Markets, minority partner of Enterprise Group in its property and casualty, life assurance, and pension trustee and administration businesses, from Prudential Financial Inc. of the US and Leapfrog Investors, a South African based private equity group. Enterprise's private market value, based on this Leapfrog/Prudential transaction, amounts to $180 million or 6 Cedis per share, dramatically higher than our appraisal value of 4.14 Cedis per share and 2.5x Enterprise's share price of 2.4 Cedis per share on the Ghana Stock Exchange. Sanlam and Enterprise dissolved their 17 year relationship because Enterprise's wish to expand in other West African countries conflicted with Sanlam's West African expansion plan. Prudential/Leapfrog has promised to invest an additional $50 million for Enterprise's expansion plans, starting with an underwritten capital raise at 6 Cedis per share. The sharp divergences in valuations between the Ghana Stock Exchange, AOF, and Leapfrog/Prudential beg for explanation. No doubt, Enterprise's illiquidity-average daily trading volume of 0.02% of its outstanding share capital, low by even the standards of the Ghana Stock Exchange, was no help. What was striking about the sell-side reports on Enterprise was they never relied on the typical analytical methods for life assurance companies, despite Enterprise's largest division being a life company. No mention of "embedded value", common in Europe, Southern and East Africa, as one example. Rather, accounting-based valuation was most common. Embedded value, computed by actuaries using discounted cash flow methods, recognizes the deferred unrecognized profit in a life company's existing set of policies. We focused on Enterprise's operating cash flows, modified to incorporate the unrecognized profits disclosed by Enterprise's annual embedded value report. By capitalizing Enterprise's modified operating cash flow by a 5x multiple, we elected to ignore Enterprise's medium-term prospects. For an insurance market with a minuscule penetration rate, we believed our approach was sober. Leapfrog/Prudential used standard insurance industry valuation methods, according the greatest weight to the embedded value of Enterprise. Since Sanlam was also in the property and casualty and pensions trustees divisions of Enterprise, those two divisions were also valued by the standards of their respective industries. We think that Enterprise's new partners will add considerable value to its future.

AOF increased its equity exposure to Anglogold Ashanti this year. In so doing, we suffered losses arising from South Africa's announcement of a new Mining Charter proposing a prescription of how to increase black participation in mining. A notoriously unreasonable proposal in the new Mining Charter is that South African mining companies maintain a permanent 30% black shareholding ownership level, regardless of whether existing or future black shareholders sell their interests. Thus, shareholders of South African mining companies would be subject to the risk of continuous share dilution as new shares would have to be issued to fresh black shareholders or cash resources of those companies would have to be applied to share repurchases to reduce the non-black shareholding in those companies. Either way, that single provision places the South African mining sector on a divestment slope. It must be said that this proposal is simply part of a trend in 2017 for extreme demands to be imposed on mining companies by African governments. The most notorious of those demands is the recent $190 billion tax demand presented to Acacia Mining by the Tanzanian government. Tanzania has also passed legislation allowing the Tanzanian government to force renegotiations of mines, including, possibly, Anglogold's Geita mine. Anglogold also announced its intention to retrench 8,500 South African workers at its Tau Tona and Kopanang mines. Impairments of those two mines adds to the retrenchment expenses. The ordinary shares lost 0.35 cents per share in H1 2017.

The short book and currency hedges lost 2.81 cents per share in H1, with the appreciating Euro accounting for 50% of the short book and currency hedges loss.

C Share Portfolio Highlights

The NAV of AOF's C share rose 8.7% in H1. Its largest gains came from Copperbelt Energy and SOGB and its largest losses came from Anglogold Ashanti, iShares MSCI Emerging Markets P 36 option, and its short book. The C shares had 6% of its net asset value in gold mining equities, zero exposure in gold mining debt, 3% in oil and gas equities, and 11% in oil and gas debt.

Copperbelt gave the highest returns to the C shares, as was the case with the ordinary shares. Societe de Caoutchoucs de Grand-Bereby ("SOGB") - a rubber and palm oil plantation listed on the Bourse Regionale de Valeurs Mobiliers - delivered the second best share price appreciation. SOGB's first quarter results soared 400% against Q1 2016 and almost equaled SOGB's 2016 results. Its share price soared in reaction to those first quarter results, but fell in tandem with weakening rubber prices in Q2. As a commodity producer, SOGB is a price taker. Thus, it has to be a low cost producer to generate profits even in times of low prices. It has not incurred a loss for the last 20 years. That record stands in contrast to other Ivorian listed plantation operators like Societe Africanine de Plantations d'Heaveas (rubber), which suffered losses in 2015 and 2014, or Palm Ci. SOGB's entry into crude palm oil production, expanded to palm kernel oil production, plus a growing role as the purchaser, and processor, of rubber and palm oil cultivated by small scale farmers was key to its loss avoiding record. Indeed, SOGB's 2016 palm oil profits were larger than its rubber profits. SOGB is part of the Socfin Group, controlled by Vincent Bollore and his family-owned Bollore Group. Its gains delivered 0.75 cents per share in H1 2017.

The Tizir bond, maturing in September 2017, was successfully refinanced after the end ofh1. We tendered our 9% Tizir bonds, at a price of 102, for new 9.5% 5 year bonds. Tizir also announced record Q2 heavy mineral concentrate production at Grande Cote in Senegal in a time of improving titanium dioxide and zircon markets and prices. Located 50 kilometers northeast of Dakar, Grande Cote is a mine with at least 25 years of life. It is designed to extract ilmenite, zircon, rutile, and leucoxene for export to the Tyssedal smelter in Norway, unique in Europe and one of only 5 such smelters. Senegal's mineral sands complex was discovered in the 1950s. However, it took the joint venture between Eramet of France and Mineral Deposits of Australia, with the Senegalese government owning a 10% free carried interest, in 2011 to place those mineral sands deposits on a path to commercial life in 2014. At full production, it will be one of the largest single exports of Senegal. Truth be told, the Tizir bonds have been a source of intermittent anxiety, as Tizir's net profit margins and EBITDA margins both disappeared in the general commodity price collapse from 2013. Nameplate capacity of Grande Cote is yet to be reached, but, with most of the capital expenditure for Tizir spent, the next few years present a vista of rising free cash flows. Caution is still warranted insofar as commodity prices can easily disappoint at unexpected times. The C shares are being compensated for Tizir's risks in the form of a higher coupon.

Stanbic Uganda released disappointing H1 results, as its earnings per share fell 11% in Dollars. It reported a return on equity of 28% and a return on assets of 4%. At 51%, its efficiency ratio remains slightly ahead of our preferred ceiling of 50%. A market capitalization of $384 million placed it on a 7.7x trailing P/E ratio and a 1.8x P/B ratio, at the end of Q2. A rapidly declining central bank rate led to a 5% fall in Stanbic's prime lending rate and an average net interest margin of 8.6% versus 9.4% in H1 2016. The yields on 91 day treasury bills dropped 4.4% to 10.7% in this period. Non-interest income also declined 10% because of a stable Uganda shilling and a drop in trading revenues. Total fall in revenues were $6 million.

The rise in the Markit Stanbic Bank Uganda's Purchasing Manager's Index from 51 in May to 52.8 in June is a hopeful sign of rising economic activity, especially in the construction and service sectors, spurring increased credit demand. On the positive side, operating and credit costs declined, respectively, by 3% and 4%, year-on-year. Net profit shrank from $30 million in H1 2016 to $27 million. However, its capital adequacy ratio rose to a robust 22.1%, with shareholders equity equating to 16% of total assets. Although we expect Stanbic's 2017 net profits to be lower than those of 2016, its future remains exciting. It deserves a higher valuation. We gained 0.67 cents per share in H1 2017.

Elsewhere in the portfolio, AOF's Iamgold bonds were redeemed at a price of 103 during Q2, they delivered a return of 8% in H1 and contributed 0.68 cents to the NAV of the C shares; while the short book and currency hedges delivered 1.36 cents per share in losses.

Portfolio Appraisal Value

As of June 30, the Manager's appraisal of the intrinsic economic value of the Ordinary Share portfolio was $1.098 per share. The market price of $0.638 on June 30 represents a 42% discount. The Manager's appraisal of the intrinsic economic value of the C

Share portfolio was $1.158 per share. The market price of $0.700 on June 30 represents a 40% discount. Note the Appraisal Values are intended to provide a measure of the Manager's long-term view of the attractiveness of AOF's portfolio. It is a subjective estimate, and does not tell when that value will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Strategy

The long-term investment appeal of Africa remains intact. We remain focused on investing in companies that sell goods and services in short supply. We also invest in commodity related companies, on a selective basis, when we can implicitly purchase the underlying resources at a material discount to spot market values. AOF's ordinary share portfolio possesses undervalued companies. Its top 7 listed equity holdings (of the top 10 holdings) offer a weighted average dividend yield of 5%, a rolling P/E ratio of 14x, a return on assets of 8%, and a return on equity of 9%. Excluding Copperbelt's non-Zambian operations, AOF's ordinary share portfolio's top 7 equity holdings had a weighted average dividend yield of 5%, a P/E ratio of 8x, a return on assets of 11%, and a return on equity of 24%. The corresponding statistics for the top 8 equity holdings in AOF's C share portfolio are a dividend yield of 5%, a P/E ratio of 32x, a return on assets of -1%, and a return on equity of 2%. If Copperbelt's non-Zambian operations were excluded, then the top 8 listed equity holdings (of the top 10 holdings) of the C shares had a weighted average dividend yield of 5%, a P/E ratio of 10x, a return on assets of 4%, and a return on equity of 11%. As African markets adjust to the down draft of weak commodity prices and volatility, we are finding excellent long opportunities. As always, caution is necessary. It is a privilege to have investible funds. We intend to exercise that privilege with prudent confidence.

On Behalf of the Investment Manager, Africa Opportunity Partners Ltd

Responsibility Statements:

The Board of Directors confirm that, to the best of their knowledge:

a. The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
b. The Interim Investment Manager Report, and Condensed Notes to the Financial Statements include:

    i. a fair review of the information required by DTR 4.2.7R (indication of important events that have occurred during the first six months and their impact on the financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
    ii. a fair review of the information required by DTR 4.2.8R (confirmation that no related party transactions have taken place in the first six months of the year that have materially affected the financial position or performance of the Company during that period).

Per Order of the Board
28 September, 2017

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	Notes	**For the period ended 30 June 2017 Company**	For the period ended 30 June 2016 Group
		USD	USD
Income			
Interest revenue	5(c)	-	700,660
Dividend revenue	5(c)	-	1,122,328
Other income	5(c)	-	9,945
Net gains on investment in subsidiaries at fair value through profit or loss	5(a)	**4,330,224**	-
Net gains on financial assets and liabilities at fair value through profit or loss	5(d)	-	982,381
		4,330,224	2,815,314
Expenses			
Net foreign exchange loss		-	722,294
Management fee		**536,681**	554,850
Custodian fees, brokerage fees and commissions		-	171,740
Dividend expense on securities sold not yet purchased		-	94,404
Other operating expenses		**35,553**	178,804
Directors' fees		**89,502**	93,113
Audit fees		**21,650**	65,000
		683,386	1,880,205
Operating gain		**3,646,838**	935,109
Less withholding tax		-	(5,330)
Increase in net assets attributable to shareholders from operations/Total Comprehensive Income for the period		**3,646,838**	929,779
Attributable to:			
Shareholders/Equity holders of the parent			922,333
Non-controlling interest			7,446
			929,779

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	**30 June 2017 Company**	30 June 2016 Group
		USD	USD
ASSETS			
Cash and cash equivalents	7	**7,662**	-

Trade and other receivables	6	**12,870**	1,062,011
Investment in subsidiaries	5(a)	**60,388,664**	-
Financial assets at fair value through profit or loss	5(e)	**-**	67,462,000
Total assets		**60,409,196**	68,524,011
EQUITY AND LIABILITIES			
LIABILITIES			
Cash held at broker		**-**	1,021,836
Trade and other payables	9	**97,584**	797,856
Financial liabilities at fair value through profit or loss	5(e)	**-**	4,212,731
Total liabilities		**97,584**	6,032,423
TOTAL LIABILITIES (excluding net assets attributable to shareholders)		**60,311,612**	62,491,588
Equity attributable to equity holders of parent			
Non-controlling interest		-	313,842
Total equity		-	313,842
Net assets attributable to shareholders		**60,311,612**	62,177,746
Total equity attributable to equity holders of parent and total net assets attributable to shareholders		**60,311,612**	62,491,588
Net assets attributable to:			
- Ordinary shares	8(b)	**35,362,293**	38,264,672
- Class C shares	8(b)	**24,949,319**	23,913,074
Net assets attributable to shareholders		**60,311,612**	62,177,746
Net assets value per share:			
- Ordinary shares	8(b)	0.830	0.898
- Class C shares	8(b)	0.854	0.819

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	Number of units	Ordinary Shares	Class C Shares	Net assets Attributable to shareholders
	USD	**USD**	**USD**	**USD**
GROUP				
At 1 January 2016	71,830,327	37,287,967	23,967,446	61,255,413
OPERATIONS:				
Increase in net assets attributable to shareholders from operations	-	976,705	(54,372)	922,333
At 30 June 30, 2016	71,830,327	38,264,672	23,913,074	62,177,746

COMPANY				
At 1 January 2017	71,830,327	33,719,116	22,945,658	56,664,774
OPERATIONS:				
Increase in net assets attributable to shareholders from operations	-	1,643,177	2,003,661	3,646,838
At 30 June 30, 2017	**71,830,327**	**35,362,293**	**24,949,319**	**60,311,612**

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	Notes	**For the period ended 30 June 2017 Company**	For the period ended 30 June 2016 Group
		USD	USD
Operating activities			
Increase in net assets attributable to shareholders from operations/Total Comprehensive Income for the period		**3,646,838**	929,779
Adjustment for non-cash items:			
Unrealised gain on financial assets at fair value through profit or loss	5(d)	-	(2,178,361)
Realised loss on sale of financial assets at fair value through profit or loss	5(d)	-	173,999
Unrealised loss on financial liabilities held for trading	5(d)	-	3,233,022
Realised gain on financial liabilities held for trading	5(d)	-	(2,211,041)
Effect of exchange rate on cash and cash equivalents		-	(722,294)
Unrealised gain on investment in subsidiaries at fair value through profit or loss		**(4,330,224)**	-
Cash used in operating activities		**(683,386)**	(774,896)
Net changes in operating assets and liabilities			
Purchase of financial assets at fair value through profit or loss		-	(8,927,175)
Proceeds on disposal of financial assets at fair value through profit or loss		-	4,289,065
Proceeds from investment in subsidiaries at fair value through profit or loss		**2,225,778**	-
Purchase of financial liabilities held for trading		-	(3,255,852)

Decrease/(increase) in trade and other receivables	**10,675**	(281,038)
(Decrease)/increase in trade and other payables	**(1,558,009)**	354,640
Net cash provided by/(used) in operating activities	**678,444**	(7,820,360)
Net decrease in cash and cash equivalents	**(4,942)**	(8,595,256)
Effect of exchange rate on cash and cash equivalents	**-**	722,294
Cash and cash equivalents at 1 January	**12,604**	6,851,126
Cash and cash equivalents at 30 June	**7,662**	(1,021,836)

AFRICA OPPORTUNITY FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched with an Alternative Market Listing "AIM" in July 2007 and moved to the Specialist Funds Segment "SFS" in April 2014.

Africa Opportunity Fund Limited is a closed-ended fund incorporated with limited liability and registered in Cayman Islands under the Companies Law on 21 June 2007, with registered number MC-188243.

The Company aims to achieve capital growth and income through investment in value, arbitrage, and special situations investments in the continent of Africa. The Company may therefore invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa. The Company has the ability to invest in a wide range of asset classes including real estate interests, equity, quasi-equity or debt instruments and debt issued by African sovereign states and government entities.

The Company's investment activities are managed by Africa Opportunity Partners Limited, a limited liability company incorporated in the Cayman Islands and acting as the investment manager pursuant to an Amended and Restated Investment Management Agreement dated 12 February 2014.

To ensure that investments to be made by the Company and the returns generated on the realisation of investments are both effected in the most tax efficient manner, the Company has established Africa Opportunity Fund L.P. as an exempted limited partnership in the Cayman Islands. All investments made by the Company are made through the limited partnership. The limited partners of the limited partnership are the Company and AOF CarryCo Limited. The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited.

The financial statements for the Company for the half year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on **28 September 2017.**

Presentation currency

The financial statements are presented in United States dollars ("USD").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

In the prior period, the Company did not meet the definition of an investment entity and therefore, consolidated financial statements were issued. These were prepared under the historical cost convention except for the financial assets and liabilities at fair value through profit or loss that had been measured at fair value.

The Company satisfied the criteria of an investment entity under IFRS 10: Consolidated financial statements for the current period under review and as such, no longer consolidates the entities it controls. Instead, its interest in the subsidiaries has been classified as fair value through profit or loss, and measured at fair value as of period end. This consolidation exemption has been applied prospectively and more details of this assessment are provided in Note 4 “significant accounting judgements, estimates and assumptions.”

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company’s and its subsidiaries’ (referred to as the “Group”) accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Company and Group present their statement of financial position in order of liquidity.

Basis of consolidation (prior period)

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2016.

In periods prior to 31 December 2016, subsidiaries were fully consolidated from the date of acquisition, being the date on which the Group obtained control and continued to be consolidated until the date that such control ceased.

The financial statements of the subsidiaries were prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and gains and losses resulting from intra-group transactions were eliminated in full.

Non-controlling interests represented the portion of profit or loss and net assets not held by the Group and were presented separately in the statement of comprehensive income and within equity in the statement of changes in equity from parent shareholders’.

Foreign currency translation

(i) Functional and presentation currency

The Company’s and Group’s financial statements are presented in USD which is their functional currency, being the currency of the primary economic environment in which both the Company and the Group operates. The Company and each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company and of the entities within the Group is USD. The Company and the Group chose USD as the presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of the exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial instruments

(i) Classification

The Company and the Group classifies its financial assets and liabilities in accordance with IAS 39 into the following categories:

Financial assets and liabilities at fair value through profit or loss

The category of the financial assets and liabilities at fair value through the profit or loss is subdivided into:

Financial assets and liabilities held for trading

Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. This category includes equity securities, investments in managed funds and debts instruments. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price. All derivatives and liabilities from the short sales of financial instruments are classified as held for trading at the master fund level.

Financial assets designated at fair value through profit or loss upon initial recognition

These include equity securities and debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company and the Group, as set out in each of their offering documents. The financial information about the financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

Investment in subsidiaries

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Fund does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss.

Derivatives - Options

Derivatives are classified as held for trading (and hence measured at fair value through profit or loss), unless they are designated as effective hedging instruments (however the Group does not apply any hedge accounting). The master fund's derivatives relate to option contracts.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The master fund purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the master fund provide the master fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The master fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the master fund provide the purchaser the opportunity to purchase from or sell to the Company the underlying asset at an agreed-upon value either on or before the expiration of the option.

Options are generally settled on a net basis.

Contracts for difference

Contracts for difference are derivatives that obligate either the buyer or the seller to pay to the other the difference between the asset's current price and its price at the time of the contract's usage. Unrealized gains or losses are recorded at the end of each time period that passes without the CFDs being used. Once the CFDs are used, the difference between the opening position and the closing position is recorded as either revenue or a loss depending on whether the business was the buyer or the seller.

Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The Company's and Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Company and the Group include in this category amounts relating to trade and other payables and dividend payable.

(ii) Recognition

The Company and the Group recognise a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised directly on the trade date, i.e., the date that the master fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Company and the Group measure financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned and dividend revenue elements of such instruments are recorded separately in 'Interest revenue' and 'Dividend revenue', respectively. Dividend expenses related to short positions are recognised in 'Dividends on securities sold not yet purchased'.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company and the Group estimate cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or

- The Company or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Company or the Group have transferred substantially all the risks and rewards of the asset, or (b) the Company and the Group have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company and the Group have transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's and the Group's continuing involvement in the asset.

The Company and the Group derecognise a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The Company measures it investments in subsidiaries at fair value through profit or loss, and the master fund measures its investments in financial instruments, such as equities, debentures and other interest bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company and the Group. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 5.

The Company and the Group use the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Impairment of financial assets

The Company and the Group assess at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'Credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company and the Group.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the Average Cost (AVCO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date as the master fund level. Refer to the accounting policy for financial liabilities, other than those classified as at fair value through profit or loss for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for loans and receivables for recognition and measurement.

Shares that impose on the Company, an obligation to deliver to shareholders a pro-rata share of the net asset of the Company on liquidation classified as financial liabilities

The shares are classified as equity if those shares have all the following features:

(a) It entitles the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation.

The Company's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

(i) dividing the net assets of the Company on liquidation into units of equal amount; and
(ii) multiplying that amount by the number of the shares held by the shareholder.

(b) The shares are in the class of instruments that is subordinate to all other classes of instruments. To be in such a class the instrument:

(i) has no priority over other claims to the assets of the Company on liquidation, and
(ii) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

(c) All shares in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing Company to deliver a pro rata share of its net assets on liquidation.

In addition to the above, the Company must have no other financial instrument or contract that has:

(a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company (excluding any effects of such instrument or contract) and

(b) the effect of substantially restricting or fixing the residual return to the shareholders.

The shares that meet the requirements to be classified as a financial liability have been designated as at fair value through profit or loss on initial recognition.

The movement in fair value is shown in the statement of comprehensive income as an 'Increase or decrease in net assets attributable to shareholders'.

Distributions to shareholders whose shares are classified as financial liabilities.

Distributions to shareholders are recognised in the statement of comprehensive income as finance costs.

Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend revenue and expense

Dividend revenue is recognised when the Company's and the Group's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 January 2016.

The following new standards and amendments became effective as of 1 January 2016:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements Cycle - 2012-2014 (Amendments to IFRS 5, IFRS 7, IAS 19 & IAS 34)
- Amendments to IAS 1 Disclosure Initiative

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate- regulation and the effects of that rate-regulation on its financial statements. Since the Company is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively.

These amendments do not have any impact on the Company as there has been no interest acquired in a joint operation during the period.

IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments do not have any impact on the Company, given that it does not hold any property, plant and equipment nor any intangible asset.

IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Company as it does not have any bearer plants.

IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively.

These amendments do not have any impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Changes in method of disposal

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively

IAS 19 *Employee Benefits*

Discount rate: regional market issue

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).

The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Company.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income (OCI) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments do not have any impact on the Company.

3.1 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them:

	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	1 January 2018
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
Disclosure initiative (Amendments to IAS 7)	1 January 2017
Clarification to IFRS 15 'Revenue from contracts with customers'	1 January 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018

Where the standards and interpretations may have an impact at a future date, they have been discussed below:

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - 1 January 2018

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting. This will however not have any impact on the financial statements of the Company.

Having completed its initial assessment, the Company has concluded that:

- Financial assets and liabilities held for trading and financial assets and liabilities designated at FVPL are expected to continue to be measured at FVPL.

- The new expected credit loss impairment model will not have any significant impact on the Company as most of its investments (both equity and debts) are quoted in an active market.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) - effective date deferred indefinitely

This amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) was made to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- it requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations); and

- it requires the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The directors will assess the impact of the amendments when they become effective.

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2017

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

These amendments are not expected to have any impact on the Company.

IFRS 16 Leases - effective 1 January 2019

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short- term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

This standard will not have an impact on the Company as it does not have any lease.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

These amendments are not expected to have any impact on the Company.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - effective 1 January 2017

Amendments to IAS 12 Income Taxes have been made to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

These amendments are not expected to have any impact on the Company.

Disclosure Initiative (amendments to IAS 7) - effective 1 January 2017

Amendments to IAS 7 Statement of Cash Flows were made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Clarifications to IFRS 15 'Revenue from Contracts with Customers' - effective 1 January 2018

IASB amended IFRS 15 ‘Revenue from Contracts with Customers’ to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. No early adoption of these standards and interpretations is intended by the Board of directors.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.
These amendments are not expected to have any impact on the Company.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s and the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company’s and the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The determination of the functional currency of the Company and the Group is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company and the Group is the United States Dollar.

Assessment for an investment entity

An investment entity is an entity that:

(a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity must demonstrate that fair value is the primary measurement attribute used. The fair value information must be used internally by key management personnel and must be provided to the entity's investors. In order to meet this requirement, an investment entity would:

- Elect to account for investment property using the fair value model in IAS 40 Investment Property
- Elect the exemption from applying the equity method in IAS 28 for investments in associates and joint ventures, and
- Measure financial assets at fair value in accordance with IAS 39.

In addition an investment entity should consider whether it has the following typical characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise returns;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The Company has several investors and the activities are managed by Africa Opportunity Partners Limited with the aim to achieve capital growth and income for its shareholders. However, in the prior year interims, the Company did not meet the definition of an investment entity as it did not measure and evaluate the performance of substantially all of its investments on a fair value basis; for example, the Company's investment in Triton Resources Inc. had been recorded at cost at the half year as their fair valued cannot be measured reliably (Refer to Note 5). As such, there was a requirement to consolidate all subsidiaries into Africa Opportunity Fund Limited.

In the prior year, the Company did not meet the definition of an investment entity and therefore, consolidated financial statements were issued as one of the master fund's investments had been measured at cost.

In current year, the Board concluded that the Company meets the definition of an investment entity as all investments have been measured on a fair value basis. IFRS 10 allows the application of this change to be made prospectively in the period in which the definition is met. IFRS 10 Consolidated Financial Statements provides 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measures the investment in each eligible subsidiary at fair value through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company and the Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company and the Group. Such changes are reflected in the assumptions when they occur. When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models.

Fair value of financial instruments

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 5.

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety as provided in Note 5. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques.

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

5(a). Investment in subsidiaries at fair value

	2017 USD
Investment in Africa Opportunity Fund (GP) Limited	**2,437**
Investment in Africa Opportunity Fund L.P.	**60,386,227**
Total investment in subsidiaries at fair value	**60,388,664**
Fair value at 01 January	**58,284,218**
Net proceeds from investment in subsidiaries	**(2,225,778)**
Net gains on investment in subsidiaries at fair value through profit or loss	**4,330,224**
Fair value at 30 June 2017	**60,388,664**

The Company has established Africa Opportunity Fund L.P., an exempted limited partnership in the Cayman Islands to ensure that the investments made and returns generated on the realisation of the investments made and returns generated on the realisation of the investments are both effected in the most tax efficient manner. All investments made by the Company are made through the limited partner which acts as the master fund. The limited partners of the limited partnership are the Company and AOF CarryCo Limited. The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited hold 100% of the Africa Opportunity Fund (GP) Limited.

5(b). Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Company

Investment in subsidiaries at fair value through profit or loss:

COMPANY	30 June 2017 USD	Level 1 USD	Level 2 USD	Level 3 USD
Investment in subsidiaries	**60,388,664**	**-**	**60,388,664**	**-**
MASTER FUND				
Equities	**50,560,849**	**48,023,046**	**1,686,553**	**851,250**
Debt securities	**11,386,689**	**10,686,689**	**350,000**	**350,000**
Contract for Difference	**58,491**	**58,491**	**-**	**-**
	62,006,029	**58,768,226**	**2,036,553**	**1,201,250**
Financial liabilities at fair value through profit or loss				
Shortsellings	**3,354,031**	**3,354,031**	**-**	**-**
Written put options	-	-	-	-
Contract for Difference	**87,560**	**-**	**87,560**	**-**
	3,441,591	**3,354,031**	**87,560**	**-**

The valuation technique of the investment in subsidiaries at Company level is as follow:

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Given that there has been no such adjustments made to the NAV of the underlying subsidiaries and given the simple structure of the subsidiaries investing over 98% in quoted funds, the Company classifies these investment in subsidiaries as Level 2.

The valuation techniques of the investments at master fund level are as follows:

Debt securities

The investment manager calculates an average price from various quotes received from brokers, who makes use of observable data in order to determine the fair value, as it represents the most appropriate estimate of fair value of the debt securities.

Contract for difference (CFD)

The prices for CFD are calculated based on average prices from various quotes received from brokers.

Investment in Shoprite Holdings (SHP ZL)

As presented in the 2016 Annual Report, the Company (through its subsidiary Africa Opportunity Fund L.P), on the basis of an arbitral award made in January 2017, made a provision against 637,528 ordinary shares of Shoprite Holdings (SHP ZL "Shoprite") on the Zambian register for which the arbitrator determined the Company did not have good title. The value of the 41,617 Shoprite shares to which the Company had good title, according to the arbitrator, investment as at 31 December 2016 amounted to USD 263,836. The value of the entire 679,145 Shoprite shares in 2015 was USD 3,889,649 and the original cost of those 679,145 Shoprite shares was USD 3,639,685. The write-off of Shoprite shares amounted to $3,865,119. Additionally, Shoprite has been placing dividend payments into escrow rather than distributing these amounts to shareholders. These dividends pertaining to 41,617 Shoprite shares are reflected as a receivable amounting to USD 46,933 (30 June 2016: USD 608,819) in the master fund's assets. The write-off of Shoprite dividends amounted to $665,411. Africa Opportunity Fund, L.P. has filed a notice of its intention to appeal the arbitrator's award. It is expected that this appeal will be heard later this year.

5(c). Statement of Comprehensive Income of the Master Fund for the period from 1 January 2017 to 30 June 2017

The gain on investment in subsidiaries at fair value through profit or loss amounting to USD 4,330,224 is due to the gain arising at the master fund level and can be analysed as follows:

Africa Opportunity Fund LP **Statement of Comprehensive Income**	Notes	**For the period ended 30 June 2017**
		USD
Income		
Interest revenue		**511,771**
Dividend revenue		**1,556,143**
Other income		**12,397**
Net gains on financial assets and liabilities at fair value through profit or loss	5(c-i)	**3,962,784**
		6,043,095
Expenses		
Net foreign exchange loss		**986,018**
Custodian fees, Brokerage fees and commission		**351,893**
Dividend expense on securities sold not yet purchased		**42,901**
Other operating expenses		**108,249**
Audit fees		**66,921**
		1,555,982
Operating income before tax		**4,487,113**
Less withholding tax		**(134,650)**
Increase in net assets attributable to shareholder from operations/Total Comprehensive Income for the period		**4,352,463**
Attributable to:		
AOF Limited (direct interests)		**4,330,052**
AOF Limited (indirect interests through AOF (GP) Ltd)		**172**
		4,330,224
AOF CarryCo Limited (minority interests)		**22,239**
		4,352,463

(i) Net gains on financial assets and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	For the period ended 30 June 2017
	USD
Net gains on fair value of financial assets at fair value through profit or loss	**3,370,922**
Net gains on fair value of financial liabilities at fair value through profit or loss	**591,862**
Net gains	**3,962,784**

(ii) Financial asset and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	For the period ended 30 June 2017
	USD
Held for trading assets:	
At 1 January	**60,722,399**
Additions	**4,527,590**
Disposal	**(6,964,882)**
Net gains on financial assets at fair value through profit or loss	**3,370,922**
At 30 June (at fair value)	**61,656,029**
Analysed as follows:	
- Listed equity securities	**48,009,863**
- Listed debt securities	**9,441,447**
- Unlisted equity securities	**2,550,986**
- Unlisted debt securities	**1,595,242**
- Contract for difference	**58,491**
	61,656,029

(iii) Net changes on fair value of financial assets at fair value through profit or loss

	For the period ended 30 June 2017
	USD
Realised	**309,406**
Unrealised	**3,061,516**
Total gains	**3,370,922**

(iv) Financial liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	30 June 2017
	USD
Held for trading financial liabilities	
Contract for difference	**87,560**
Written put options	**1,204,625**
Listed equity securities sold short	**2,149,406**
Financial liabilities at fair value through profit or loss	**3,441,591**

(v) Net changes on fair value of financial liabilities at fair value through profit or loss

	For the period ended 30 June 2017
	USD
Realised	**1,397,407**
Unrealised	**(805,545)**
	591,862

5(d). Financial Assets and Liabilities at fair value through profit or loss of the Group

	For the period ended 30 June 2016
	USD
Held for trading assets:	
At 1 January	60,819,532
Additions	8,927,171
Disposal	(4,289,065)
Net gains on financial assets at fair value through profit or loss	2,004,362
At 30 June (at fair value)	67,462,000
Analysed as follows:	
- Listed equity securities	48,382,357
- Listed debt securities	16,428,393
- Unlisted equity securities	1,001,250
- Unlisted debt securities	1,650,000
	67,462,000

Net changes on fair value of financial assets at fair value through profit or loss

	For the period ended 30 June 2016
	USD
Realised	(173,999)
Unrealised	2,178,361
Total gains	2,004,362

	30 June 2016
	USD
Held for trading financial liabilities	
Contract for difference	585
Written call options	24,208
Written put options	29,250
Listed equity securities sold short	4,158,688
Financial liabilities at fair value through profit or loss	4,212,731

Net changes on fair value of financial liabilities at fair value through profit or loss

	For the period ended 30 June 2016
	USD
Realised	2,211,041
Unrealised	(3,233,022)
	(1,021,981)

5(e). Fair value hierarchy of the Group

	30 June 2016	Level 1	Level 2	Level 3
	USD	**USD**	**USD**	**USD**
Financial assets at fair value through profit or loss				
Equities	49,280,870	48,279,620	-	1,001,250
Debt securities	18,078,393	18,078,393	-	-
Contract for Difference	102,737	-	102,737	-
	67,462,000	66,358,013	102,737	1,001,250
Financial liabilities at fair value through profit or loss				
Shortsellings	4,212,146	4,158,688	53,458	-
Contract for Difference	585	-	585	-
	4,212,731	4,158,688	54,043	-

6. OTHER RECEIVABLES

	30 June 2017 Company	30 June 2016 Group
	USD	USD
Interest receivable on bonds*	-	480,746
Dividend receivable*	-	510,059
Other receivable	11,940	71,206
Prepayments	930	-
	12,870	1,062,011

*In current period, these have been recorded as receivable at master fund level and are included in the investments in subsidiaries at fair value through profit or loss.

7. CASH AND CASH EQUIVALENTS

	30 June 2017 Company	30 June 2016 Group
	USD	USD
Account with broker	-	(1,021,836)
Other bank accounts	**7,662**	-
	7,662	(1,021,836)

Amounts in Account with broker represent the bank facility in place for trade in excess of the cash available, also referred as margin, provided by the Prime Broker. Other bank accounts are non-interest bearing.

8(a). ORDINARY SHARE CAPITAL

Group and Company

	30 June 2017	**30 June 2017**	30 June 2016	30 June 2016
	Number	**USD**	Number	USD
Authorised share capital				
Ordinary shares with a par value of USD 0.01	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000

The directors have the general authority to repurchase the ordinary shares in issue subject to the Company having funds lawfully available for the purpose. However, if the market price of the ordinary shares falls below the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of the ordinary shares.

8(b). NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Ordinary Shares	**Class C Shares**	**Total**
	USD	**USD**	**USD**
At 1 January 2017	**33,719,116**	**22,945,658**	**56,664,774**
Changes during the period:			
Gain for the period	**1,643,177**	**2,003,661**	**3,646,838**
At 30 June 2017	**35,362,293**	**24,949,319**	**60,311,612**
Net assets value per share 30 June 2017	**0.830**	**0.854**	
Net assets value per share in 30 June 2016 (Group)	0.898	0.819	

C shares

In 2014, AOF closed a Placing of 29.2 million C shares of US$0.10 each at a placing price of US$1.00 per C share, raising a total of $29.2 million before the expenses of the Issue. The placing was closed on 11 April 2014 with the shares commencing trading on 17 April 2014.

AOF's Ordinary Shares and the C Shares from the April placing were admitted to trading on the LSE's Specialist Fund Segment ("SFS") effective 17 April 2014.

C Shares are a transient class of shares: the assets representing the net proceeds of any issue of C Shares will be maintained, managed and accounted for as a separate pool of capital of the Company until those C Shares convert into Ordinary Shares (which will occur once 85 per cent of all of the assets representing the Net Placing Proceeds have been invested in accordance with the Company's existing investment policy (or, if earlier, six months after the date of issue of the C Shares)). Under the Articles the Directors have discretion to make such adjustments to the timing of Conversion as they consider reasonable having regard to the interests of all Shareholders. In this regard, although Conversion was anticipated to occur no later than six months after Admission, the Directors considered it is in the best interests of all Shareholders (being at that time Ordinary Shareholders and C Shareholders) to extend the Conversion Date beyond the six month period as the Shoprite case was still unresolved as at year end. On such conversion, each holder of C Shares will receive such number of Ordinary Shares as equals the number of C Shares held by them multiplied by the Net Asset Value per C Share and divided by the Net Asset Value per Ordinary Share (subject to a discount of 5 per cent.), in each case as at a date shortly prior to Conversion. As at reporting date, the dispute with Shoprite is still unresolved and the Conversion has not yet been made.

The directors have the discretion to defer the conversion indefinitely. Hence, there could be two classes of shares (the Ordinary and the C Class shares) that could be realised in a forced liquidation by the shareholders, and then the requirements of IAS 32.16C and 16D would need to be applied to both classes. Due to the fact that there are two separate pools of assets and liabilities attributable to the C Class and Ordinary shareholders respectively, the requirements of IAS 32.16C(a) would not be met. Therefore both the classes have been classified as financial liabilities as from April 2014 upon issuance of the Class C shares.

Please refer to Subsequent Events, Note 16 for information regarding the conversion the C Shares.

9. TRADE AND OTHER PAYABLES

	30 June 2017 Company	30 June 2016 Group
	USD	USD
Due to Africa Opportunity Fund L.P.	**7,762**	-
Management Fee Payable	**-**	554,580
Directors Fees Payable	**61,250**	43,750
Other Payables	**28,572**	199,526
	97,584	797,856

Other payables are non-interest bearing and have an average term of six months.

10. EARNING PER SHARE

The ordinary and C shares are classified as financial liabilities and therefore the disclosure of the earning per share on the face of the consolidated statement of comprehensive is not required in terms of IAS 33. However, the Company has voluntarily disclosed the earnings per share as per below.

The earnings per share is calculated by dividing the decrease in net assets attributable to shareholders by the weighted average number of ordinary and C shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

The Company's diluted earnings per share are the same as basic earnings per share, since the Company has not issued any instrument with dilutive potential.

COMPANY		**Period from 1 January 2017 to 30 June 2017**	
		Ordinary shares	C shares
Increase in net assets attributable to shareholders	USD	**1,643,177**	**2,003,661**
Number of shares in issue		42,630,327	29,200,000
Change in net assets attributable to shareholders per share	USD	**0.039**	**0.069**

GROUP		Period from 1 January 2016 to 30 June 2016	
		Ordinary shares	C shares
Increase in net assets attributable to shareholders	USD	976,705	(54,372)
Number of shares in issue		42,630,327	29,200,000
Change in net assets attributable to shareholders per share	USD	0.023	(0.002)

11. ANALYSIS OF NAV & SHARE OF PROFIT AND LOSSES OF MASTER FUND ATTRIBUTABLE TO

ORDINARY SHARE AND C SHARES

11(a). STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Ordinary shares	**C shares**	**Total**
	USD	**USD**	
ASSETS			
Cash and cash equivalents	(2,601,077)	4,740,477	2,139,400
Trade and other receivables	283,524	86,293	369,817
Receivable from AOF Ltd.	2,261,005	(2,253,243)	7,762
Financial assets at fair value through profit or loss	37,518,558	24,137,472	61,656,030
Total assets	37,462,010	26,710,999	64,173,009
EQUITY AND LIABILITIES			
Liabilities			
Trade and other payables	23,414	8,426	31,840
Financial assets at fair value through profit or loss	1,727,392	1,714,200	3,441,592
Total liabilities	1,750,806	1,722,626	3,473,432
Net assets attributable to shareholders	35,711,204	24,988,373	60,699,577

11(b). STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 2017

	Ordinary shares	**C shares**
	USD	**USD**
Income	**308,706**	**203,065**
Interest revenue	**961,482**	**594,661**
Dividend revenue	**10,168**	**2,229**
Other income		
Net gains on financial assets and liabilities at fair value through profit or loss	**1,279,226**	**1,697,540**
	2,559,582	**2,497,495**
Expenses		
Custodian, brokerage fees and commission	**(257,934)**	**(93,959)**
Dividend expense on securities sold not yet purchased	**(17,395)**	**(25,506)**
Other operating expenses	**(82,761)**	**(25,488)**
Audit fees	**(41,082)**	**(25,839)**
	(399,172)	**(170,792)**
Operating Gains before taxation	**2,160,410**	**2,326,703**

12. TAXATION

Under the current laws of Cayman Islands, there is no income, estate, transfer sales or other Cayman Islands taxes payable by the Company. As a result, no provision for income taxes has been made in the financial statements.

13. SEGMENT INFORMATION

For management purposes, the Çompany is organised in one main operating segment, which invests in equity securities, debt instruments and relative derivatives. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

14. PERSONNEL

The Company did not employ any personnel during the period (2016: the same).

15. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

16. LIFE OF THE COMPANY

The Company does not have a fixed life but, as stated in the Company's admission document published in 2007, the Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, Shareholders passed an ordinary resolution at an extraordinary general meeting of the Company on 28 February 2014 that the Company continues in existence.

In 2019, the Directors will convene another general meeting where an ordinary resolution will be proposed that the Company will continue in existence. If the resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, reconstruct or wind up the Company. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to Shareholders every five years thereafter.

At the same time as the continuation vote in 2019, the Company will provide Shareholders with, without first requiring a Shareholder vote to implement this policy, an opportunity to realise all or part of their shareholding in the Company for a net realised pro rata share of the Company's investment portfolio.

17. SUBSEQUENT EVENTS

The Board announced the creation and issue of Contingent Value Rights ("CVR") to holders of the existing Ordinary Shares and conversion of the outstanding C Shares into New Ordinary Shares.

The Company issued CVRs to holders of the existing Ordinary Shares effective 21 August 2017. These CVRs ensure the existing Ordinary Shareholders benefit from any favourable conclusion to the Shoprite dispute. The CVRs represent a contractual obligation on the Company to pay to the holders of the CVRs the amount in cash or any net benefit of a successful conclusion or settlement of the Shoprite dispute. The NAV of the existing Ordinary Shares included an accrual reflecting the board's best estimate of costs and expenses to be incurred by the Company in respect of the future conduct of the Shoprite dispute.

The Company converted the outstanding C Shares into new Ordinary Shares effective 23 August 2017. The Company issued 29,200,000 C Shares pursuant to the terms of the March 2014 Prospectus. After consultation with major shareholders of the Existing Ordinary Shares and C Shares, the Board determined it was in the best interests of the Company, and all its shareholders, that the C Shares convert into New Ordinary Shares. The Ordinary Share and C Share Net Asset Values were calculated upon the close of business on 11 August 2017, and the Conversion Ration, as calculated in accordance with the Articles and Prospectus was determined to be 1.1034 New Ordinary Shares for every C Share. The conversion date was 23 August 2017 at which time the C Shares were delisted and cancelled and the New Ordinary Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchanges' main market. The New Ordinary Shares rank pari passu with the Company's existing Ordinary Shares. Subsequent to the conversion, the Company's total issued share capital consists of 74,849,606 Ordinary Shares of US$0.01 each with voting rights.

-Ends-

For further information please contact:

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Africa Opportunity Fund Limited is a closed-end investment company incorporated in the Cayman Islands and admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market.

For more information about AOF, see www.africaopportunityfund.com

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.